

# MAINE STATE LEGISLATURE

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<sup>2</sup>  
D.OFR

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L.D. 783

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(Filing No. S- 119)

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STATE OF MAINE

4

SENATE

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112TH LEGISLATURE

6

FIRST REGULAR SESSION

7

COMMITTEE AMENDMENT "A " to S.P. 294, L.D. 783,  
8 Bill, "AN ACT to Promote Free Enterprise in the Bank-  
9 ing and Insurance Industries."

10

Amend the bill by striking out everything after  
11 the enacting clause and inserting in its place the  
12 following:

13

'Sec. 1. 9-A MRSA §3-311, as enacted by PL 1983,  
14 c. 150, §1, is repealed and the following enacted in  
15 its place:

16

§3-311. Consumer's choice of attorney in residential

17

mortgage transaction

18

Every supervised lender which accepts an applica-  
19 tion for a residential mortgage loan for one to 4  
20 residential units and which requires that an attorney  
21 search the title of the subject real estate shall  
22 permit the prospective mortgagor to select a quali-  
23 fied attorney of his own choice to search the title  
24 of the subject real estate and certify that title to  
25 the lender or land title insurance company, provided  
26 that the lender may require the prospective  
27 mortgagor's attorney to provide it with evidence of  
28 adequate liability insurance or land title insurance  
29 or such other written policy requirements as the  
30 lender may deem necessary to protect its interests,  
31 provided that if all such requirements are met by the  
32 attorney chosen by the mortgagor, no additional legal  
33 costs may be assessed by the lender against the mort-  
34 gator for review of the title search or any other  
35 relevant title documents by the lender, its title  
36 company or attorney.

37

Every supervised lender subject to this section  
38 shall provide written notice to the prospective mort-

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1 gagor that he has the right to select a qualified at-  
2 torney of his own choice for the performance of title  
3 work. The notice shall inform the prospective mort-  
4 gagor that if the attorney chosen by the mortgagor  
5 meets the lender's requirements, then no additional  
6 fees may be charged to the mortgagor for title work.  
7 If the prospective mortgagor indicates on the written  
8 notice that he does not wish to exercise his right to  
9 select an attorney, then the lender may recommend an  
10 attorney.

11 Nothing in this section may be construed to re-  
12 quire certification of title to a supervised lender  
13 if that lender does not so require, or to a land ti-  
14 tle insurance company if that company does not so re-  
15 quire.

16 Sec. 2. 9-B MRSA §161, sub-§2, ¶H, as amended by  
17 PL 1983, c. 784, §2, is further amended to read:

18 H. The making of reports to the State Tax Asses-  
19 sor required under Title 36, section 3851 and the  
20 examination of the financial records authorized  
21 by Title 36, section 112; or

22 Sec. 3. 9-B MRSA §161, sub-§2, ¶I, as enacted by  
23 PL 1983, c. 784, §3, is amended to read:

24 I. Any disclosure of records made pursuant to  
25 Title 22, section 16. This paragraph is repealed  
26 on April 1, 1986; and

27 Sec. 4. 9-B MRSA §161, sub-§2, ¶J is enacted to  
28 read:

29 J. Any disclosure of records made under the Fed-  
30 eral Currency and Foreign Transactions Reporting  
31 Act, Public Law 91-508, 31 United States Code,  
32 section 5311, et seq., as amended.

33 Sec. 5. 9-B MRSA §241, sub-§4 is enacted to  
34 read:

D.O.F.R.

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1           4. Attorneys. Every financial institution au-  
2 thorized to do business in this State which accepts  
3 an application for a residential mortgage loan for  
4 one to 4 residential units and which requires that an  
5 attorney search the title of the subject real estate  
6 shall permit the prospective mortgagor to select a  
7 qualified attorney of his own choice to search the  
8 title of the subject real estate and certify that ti-  
9 tle to the institution or land title insurance compa-  
10 ny, provided that the financial institution may re-  
11 quire the prospective mortgagor's attorney to provide  
12 it with evidence of adequate liability insurance or  
13 land title insurance or such other written policy re-  
14 quirements as the financial institution may deem nec-  
15 essary to protect its interests, provided that if all  
16 such requirements are met by the attorney chosen by  
17 the mortgagor, no additional legal costs may be as-  
18 essed by the financial institution against the mort-  
19 gagor for review of the title search or any other  
20 relevant title documents by the financial institu-  
21 tion, its title company or attorney.

22 Every financial institution subject to this subsec-  
23 tion shall provide written notice to the prospective  
24 mortgagor that he has the right to select a qualified  
25 attorney of his own choice for the performance of ti-  
26 tle work. The notice shall inform the prospective  
27 mortgagor that if the attorney chosen by the mortga-  
28 gor meets the financial institution's requirements,  
29 then no additional fees may be charged to the mortga-  
30 gor for title work. If the prospective mortgagor in-  
31 dicates on the written notice that he does not wish  
32 to exercise his right to select an attorney, then the  
33 financial institution may recommend an attorney.

34 Nothing in this subsection may be construed to re-  
35 quire certification of title to a financial institu-  
36 tion if that institution does not so require, or to a  
37 land title insurance company if that company does not  
38 so require.



D.O.F.

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1 reports concerning transactions exceeding \$10,000  
2 which include the identification of the person or en-  
3 tity effecting the transaction, 31 Code of Federal  
4 Regulation, Part 103.

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Reported by Senator Bustin for the Committee on Business  
and Commerce.

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(5/24/85)

(Filing No. S-119)